

Staff Summary Report



Council Meeting Date: 6/10/10

Agenda Item Number: _____

SUBJECT: Request approval to award a one-year contract with four, one-year renewal options to Hartford Life and Accident Insurance Company for life and personal accident insurance for City employees.

DOCUMENT NAME: 20100610fsta14 PURCHASES (1004-01)

COMMENTS: (RFP10-125) Total cost of this contract will not exceed \$330,000 during the initial one-year contract period beginning July 1, 2010.

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REVIEWED BY: Michael Greene, CPM, Central Services Administrator, 480-350-8516
Renie Broderick, Human Resources Manager, 480-350-8407
Jon O'Connor, Deputy Human Resources Manager, 480-350-8423
Lynna Soller, Employee Benefits Administrator, 480-350-2975

LEGAL REVIEW BY: Dave Park, Assistant City Attorney, 480-350-8907

DEPARTMENT REVIEW BY: Jerry Hart, CPA, Financial Services Manager, 480-350-8505

FISCAL NOTE: Sufficient funds have been appropriated in cost center 4167 (Health Fund) for the anticipated expenditures in the upcoming fiscal year.

RECOMMENDATION: Award the contract.

ADDITIONAL INFO: Background Information

The City of Tempe issued a Request for Proposal (RFP) to establish a term contract for life and personal accident insurance.

Evaluation Process

Fourteen (14) firms responded for the Request for Proposal, however, not all firms were able to supply all the requested products.

The evaluation criteria included:

- Plan design and conformity to desired scope of work
- Cost
- Additional benefits offered
- General administration

A committee – composed of Human Resources and Procurement Staff – evaluated the submitted proposals.

The following firms were able to supply all requested products.

| <u>Firm</u> | <u>Annual Cost</u> | <u>Score</u> |
|-------------|--------------------|--------------|
| Hartford | \$326,530 | 163.00 |
| CIGNA | \$372,928 | 155.54 |
| Prudential | \$363,000 | 144.97 |
| Minnesota | \$401,033 | 139.85 |

The following firms did not offer Basic Accident Insurance

| <u>Firm</u> | <u>Annual Cost</u> | <u>Score</u> |
|-----------------|--------------------|--------------|
| Standard | \$300,122 | 151.00 |
| Lincoln | \$305,774 | 149.89 |
| ING | \$332,973 | 145.08 |
| UNUM | \$337,901 | 144.29 |
| Mutual of Omaha | \$347,515 | 142.82 |
| Humana | \$364,883 | 140.35 |
| Symetra | \$365,825 | 140.22 |
| Sun Life | \$365,825 | 140.22 |
| Anthem | \$364,883 | 138.09 |

The following firm only offered Supplemental Life

| <u>Firm</u> | <u>Annual Cost</u> | <u>Score</u> |
|-------------|--------------------|--------------|
| Colonial | \$260,300 | 91.00 |

It is the recommendation of the committee to award a contract to Hartford Life and Accident Insurance Company, the high scorer, who has provided the lowest cost to the City and excellent rates to employees for supplemental coverage.

The recommended award to Hartford Life and Accident Insurance Company results in total annual savings (City provided and employee paid coverage) of \$151,000 over the current provider based on the current utilization – savings to the City is approximately \$75,000.